

eBond: The Future of Bonds in ACE
Trade Support Network (TSN) Session
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eBond: Why Centralize and Automate?

- A June 2011 DHS OIG report cited the following:
 - Inaccurate and incomplete bonds
 - Deficiencies in bond retention
 - Insufficient insight into the number and value of Single Transaction Bonds
 - Risk for CBP in cargo being released prior to execution of a bond
- OIG recommended centralization and automation
- OA will now be responsible for bond administration regarding the proper completion, procedures, and minimum bond amounts.



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Benefits of Centralization

Trade

- Standardizes operating procedures which will improve the accuracy of STB information.
- Provides a small group of dedicated resources on bond issues to promote faster responsiveness to questions raised by the Trade.

CBP

- Enables CBP Officers to focus on trade and law enforcement mission and reduces the burden on Entry and Import personnel.
- Protects CBP by ensuring that a bond has been secured before cargo is released.
- Enhances CBP ability to report to Congress or Treasury on key inquiries regarding bonds.



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What role will OA serve?

- Issue formal policies and procedures for the validation, sufficiency, and storage processes for all bonds.
- Provide guidance on the development of the automation tool to ensure the policies are built in as validations in the system, where possible.
- For eBond, any bond processing outside of EDI will be handled by the Office of Administration, Revenue Division.



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What is eBond?

- eBond is an electronic mechanism for the submission of Customs Bonds from a Surety to ACE via EDI to be stored and used for various downstream processes for which a bond is required.
- eBond allows for Single Transaction Bonds and Continuous Bonds will be accepted electronically.
- eBond will provide a single, centralized repository for all customs bonds within CBP.



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Why Build eBond?

- By building eBond, CBP hopes to realize the following benefits for CBP and Trade stakeholders:
 - Provide a single mechanism for the centralization of bonds, including a single place to locate any bond starting after eBond deployment;
 - Reduction of paper processing;
 - Expedited release of cargo;
 - Increase traceability of bonds for audit purposes; and
 - Expansion of bond issuance to beyond regular business hours.



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Where did the eBond Requirements come from?

- eBond Team Port visits in 2013
- eBond Working Group sessions with Trade and CBP
 - Held in December 2013, April 2014, and June 2014
 - Additional session scheduled for November
- Trade Support Network's (TSN) eBond and Surety Account Subcommittees, as well as the COAC Bond Working Group
- Working sessions with the Office of Administration
- Subject Matter Experts assigned to eBond development for ACE
- Previous work done for the ACE Cargo Release CONOPs in 2011.

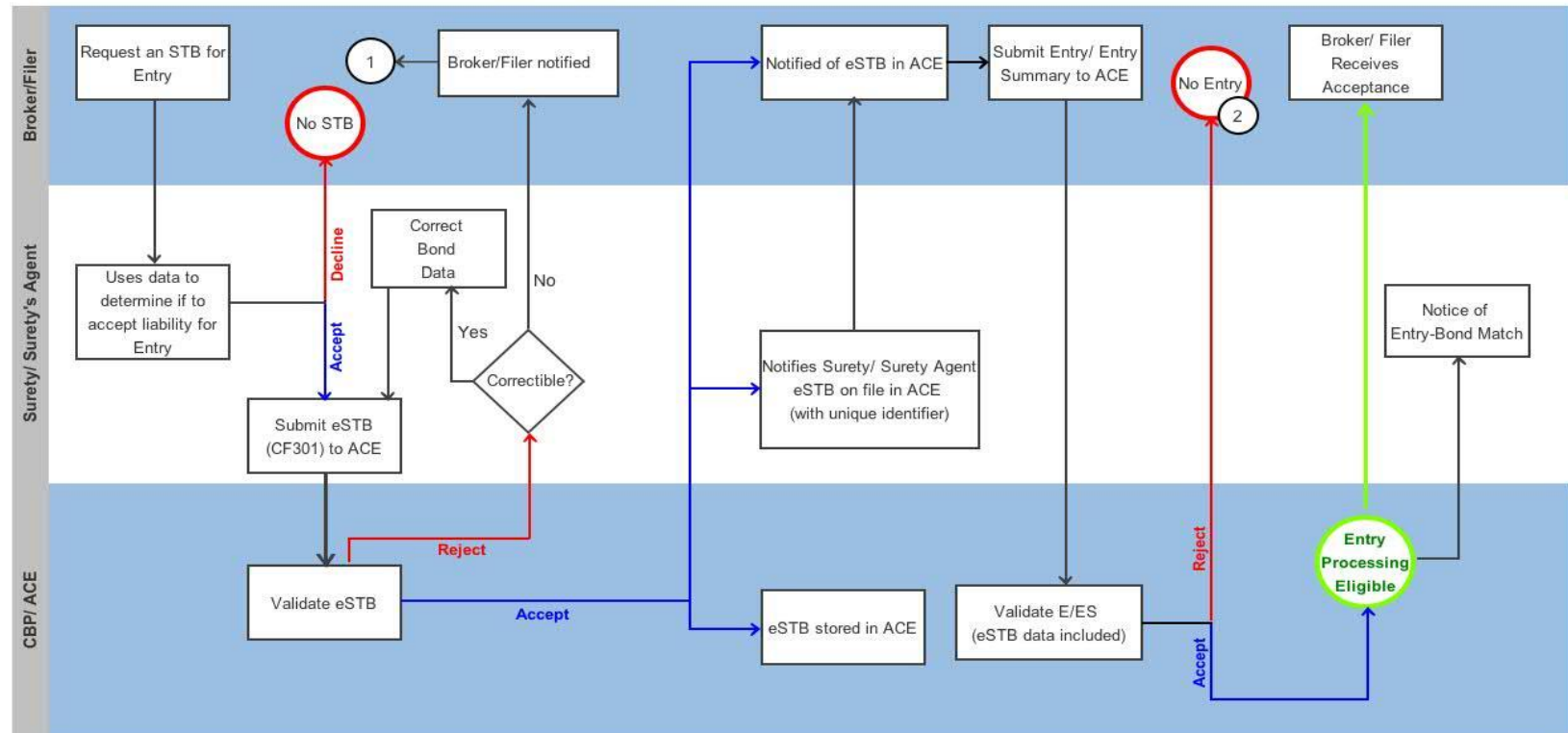


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eBond Process Flow

e-Single Transaction Bond : High Level 'To-Be' Data Flow Concept



- 1 If the Broker/Filer opts to continue the eSTB process, the process would start again from "Request an STB for Entry".
- 2 If the rejection of the entry filed is due to the inability to match an Entry and Bond, the filer should contact the surety to determine what corrective actions should be taken.



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What is included in eBond?

- Following functionality is planned for deployment as part of eBond in January:
 - Ability to receive Single Transaction Bonds, Continuous Bonds, and Bond Riders electronically from a Surety or Surety Agent.
 - Ability to provide bond status updates electronically to sureties and secondary notify parties.
 - A new bond user interface for CBP users.
 - View capabilities for general CBP users, add/edit capabilities for the Office of Administration.
 - Bond validations for Simplified Entry (ACE Cargo Release) and ACE Entry Summary.
 - Enhanced Trade user interfaces in legacy ACE to allow for location of Single Transaction Bonds.



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eBond Input Submission Requirements

Bonds may be input into ACE's eBond system in two ways:

1. Electronic submission of a bond from a surety or surety agent to ACE using the newly developed CB/CX message.
2. Submitted via email by a surety or surety agent to the Office of Administration to be input manually into ACE. Bonds submitted in this fashion are subject to policy and procedure issued by the Office of Administration for the manual input of bonds.



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eSTB Data Elements Requested by Surety

- In order to determine whether or not to issue a Single Transaction Bond to a requesting party, the Customs Surety Executive Committee (CSEC), in collaboration with the broker and software vendor community, has created a single set of data elements required by a surety to make an informed underwriting decision, as well as data elements to be returned to the requesting party from the surety.
- This effort is separate from the development of eBond within ACE.



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eSTB Data Elements Requested by Surety

- 2 methods to get the information to the Surety/Surety Agents
 - Surety/Surety Agent Web Portals
 - Requires re-keying of data from the entry
 - Direct communications from Broker's Systems
 - Web services used for communication
 - Most data elements pulled from Entry Data
 - Data will be passed using XML formatted messages
 - Alternative formats can be used if mutually agreed upon with a specific surety.



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eSTB Data Elements Requested by Surety

Messages from Broker to Surety - Request for an STB – Data Elements

- Surety/Surety Agent Filer Code
- Importer Number, Name/Address/Country
- Bond Activity Code/Bond Designation Code
- Port Code
- Transaction ID - entry#, ISF transaction #
- Border Cargo Release Flag
- Bond Amount/STB Producer Account Number
- Secondary Notify Party (port, filer, office (9 digits))
- *Exception Contact (name, email, phone)
- Broker Reference Number
- Total Estimated Value
- Rider Code (USVI, Reconciliation, etc.)
- ISF Specific fields – Est. Vessel Departure Date, Action Reason (complete, flex range, flex time, flex range/time)
- Line Item
 - HTS Number (10 digit) (line item)
 - Estimated Value (line item)
 - Estimated Duty (line item)
 - ADD Duty (line item)
 - CVD Duty (line item)
 - IR Taxes (line item)
 - Fees(line item)
 - Country of Origin (line item)
 - PGA Code/PGA Disclaimer Code
- AD/CVD Additional fields - Case Number, Bond/Cash Claim Code, Deposit Rate, Rate Type, Value of Goods, Quantity, Non-Reimbursement, Duty Amount



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eSTB Data Elements Requested by Surety

- **Messages from Surety to Broker**
 - Response/Status
 - Data Errors – Reject Message – Data Correction Required
 - 46 reasons for rejection messages
 - Data Accepted – Pending Underwriting Review
 - 8 reason codes
 - Data Accepted – Bond Data sent to CBP
 - Review Complete – Bond Data sent to CBP
 - Review Complete – Bond not authorized
 - Bond Accepted by CBP
 - CBP Rejection – Correction Required



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Bond Status Message

- The Bond Status Message will be used to communicate to Sureties and Secondary Notify Parties when an event occurs that affects a bond.
- Such events may include (but are not limited to):
 - When a Bond is successfully filed in ACE;
 - When an Entry is matched with the Bond;
 - When an Entry, previously matched with a Bond, is cancelled;
 - When an Entry matched with a Bond is changed;
 - When a Bond Status has changed;
 - When Bond is rendered insufficient.



Will eBond interact with other systems?

- eBond will be interact with a number of other ACE functional areas, specifically for ACE Cargo Release and ACE Entry Summary.
 - Validations will be put in place to ensure that a Bond is on-file before a transaction is accepted by the system.
- In the future, the eBond will look to integrate with other ACE and CBP functional areas, including ISF and ACE Collections.



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Is use of eBond Mandatory?

- Continuous Bonds, which exist electronically today, will continue to be electronic and have mandatory use of eBond.
 - All Continuous Bonds which currently exist in ACE will continue to be valid in eBond. There will be no need to refile Continuous Bonds due to the implementation of eBond.



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Is use of eBond Mandatory?

- The following chart shows the scenarios for Single Transaction Bonds used to secure an Entry where eBond will be mandatory.

	ACE Entry (Simplified Entry) followed by ACE Entry Summary (2-Step Process)	ACE Entry Summary Certified for ACE Cargo Release	ACS Entry followed by ACE Entry Summary (2- Step Process)	ACE Entry Summary Certified for ACS Cargo Release	ACS Entry followed by ACS Entry Summary (2- Step Process)	ACS Entry Summary Certified for Cargo Release
Electronic Single Transaction Bond required?	Yes	Yes	No	No	No	No



Is use of eBond Mandatory?

- **For ACE Entries followed by ACE Entry Summaries, or ACE Entry Summaries certified for ACE Cargo Release, where a Single Transaction Bond is used, an eBond will be required starting 1/3/15.** ACE will implement validations on these inbound transactions where, if a bond is referenced on a transaction, and no bond is found on file in ACE, that transaction will be rejected.
- **For all other Single Transaction Bond scenarios listed above, eBond will not be required. Paper processing of these Single Transaction Bonds will continue as they do today.** Due to the eventual retirement of ACS processing for Entries and Entry Summaries, the same eBond STB validations in place for ACE filed transactions will not be deployed to ACS. As such, we will not perform the system validations to ensure an STB is on file for these Entry/Entry Summaries. For this reason, operations will remain status quo.



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Is use of eBond Mandatory?

- Activity Type 16 Single Transaction Bonds will be required to be input into eBond, operating under the current procedures in place for ISF. Further integration with ISF will be completed in the future.
- For all other Single Transaction Bond Activity types not used to secure an Entry or release, the filing of those bond in eBond will be mandatory. These activity types have no time-sensitive transactional validations that are required, unlike those STB used in the Entry environment.



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Is use of eBond Mandatory?

- The current ACE Development Schedule states that in November 2015, mandatory use of ACE Cargo Release and associated Entry Summary will be enforced. As mandatory filing dates in ACE are reached, and ACS filing is retired, eBond will also become mandatory for the ACE transactions. It is anticipated that in November 2015, when filing of ACE Entry and corresponding Entry Summary is mandated, eBond, by default, will become mandatory.



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Key Date for eBond

- February 5, 2014 – Increment 5 start date
 - Begin eBond Phase 1 development (originally “eSTB”)
- May 7, 2014 – Increment 6 start date
 - Begin eBond Phase 2 development (originally “eBond”)
- August 6, 2014 – Increment 7 start date
 - Begin eBond Phase 3 development (additional incremented added 5/14)
- January 3, 2015 – Deployment D
 - eBond deploys



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eBond from the Surety Perspective



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eBond from the Surety Perspective

- eBond is *Real*
 - Long time coming, many iterations
 - Test eSTBs have been filed in ACE
- Surety Benefits
 - Continuous Bonds filed in seconds not days
 - Lower rejection rates
 - Quicker response to Bond Sufficiency Notices
 - Handling of STB will be more efficient
 - Better Controls on our Business
 - Enhanced Underwriting Compliance
 - Added level of underwriting of STBs that currently is unavailable



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eBond from the Surety Perspective

- Points of Interest
 - 15 day termination for both Principal and Surety
 - Name and Address change riders no longer necessary
 - Importer name and address can be changed in ACE without changes to bond
- No Change in Relationships
 - Filing mechanism is changing, not our relationship with our clients
 - Multiple bond filing systems
 - Current bond portals
 - Broker Surety interface
- CSEC eBond FAQ



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eBond from the Broker Perspective



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eBond: Broker Perspective

- RLF entries available for STBs
- Bond Status Message will be used to communicate to Sureties and Secondary Notify Parties (We are Secondary Notify Parties)
- Dual bond environment from Jan to Nov. 2015
- Should we worry about processing delays
- Bond forms go away
- Process changes are coming (cancellations, substitution, etc.)
- Automation will allow sureties additional visibility



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eBond: Broker Perspective

- Understand what your software provider and surety are doing to automate
- Stay informed as new process develops
- Review underwriting guidelines
 - *Does staff understand authority limits general/product types.*
 - *If not may cause processing delays.*
- Ensure staff is properly trained
- Operational Processes will change



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